

## Message Text

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ACTION COME-00

INFO OCT-01 EUR-12 IO-10 ISO-00 L-03 H-02 AID-05 CIAE-00

EB-07 FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04

OPIC-06 SP-02 CIEP-02 LAB-04 SIL-01 OMB-01 SAM-01

STR-04 CEA-01 /089 W

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R 170800Z JUN 75

FM AMEMBASSY MADRID

TO SECSTATE WASHDC 2169

INFO US DEL MTN GENEVA 692

US MISSION OECD PARIS 4020

UNCLAS MADRID 4160

E.O. 11652: N/A

TAGS: EFIN, ETRD, OECD, SP

SUBJ: COST OF PRODUCTION EXPORT INSURANCE SCHEMES

REF: STATE 99922

1. GOS EXPORT INSURANCE SCHEME COVERING CERTAIN COST OF PRODUCTION INCREASES WAS ESTABLISHED BY DECREE 3138 OF DECEMBER 22, 1971 AND HAS BEEN IN EFFECT SINCE JAN 4, 1972, BUT ACCORDING TO GOS OFFICIAL NO POLICY HAS YET BEEN WRITTEN UNDER THIS PROGRAM. PROGRAM IS ONE OF EIGHT EXPORT INSURANCE SCHEMES ADMINISTERED BY GOVERNMENT OWNED COMPANIA ESPANOLA DE SECUROS DE CREDITO A LA EXPORTACION, S.A. (CESCE), AVENIDA DEL GENERALISIMO 63, MADRID, WHICH WAS ESTABLISHED BY LAW 10 OF JULY 4, 1970.

2. COST OF PRODUCTION POLICY WOULD COVER LOSSES DUE TO INCREASED COSTS OF RAW MATERIALS, ENERGY AND FUEL, AND LABOR WHERE THESE WERE DIRECTLY EMPLOYED IN MANUFACTURING. COVERAGE WOULD BE ONLY FOR COST INCREASES IN EXCESS OF 5 PERCENT OF TOTAL VALUE OF FINAL PRODUCT AND WOULD NOT  
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COVER GENERAL, INDIRECT OPERATIONAL COSTS, COSTS IN-

CREASES OCCURRING DURING FIRST YEAR OF CONTRACT, OR HIGHER COSTS RESULTING FROM INCREASES ABROAD FOR LABOR, RAW MATERIALS OR ANY OTHER PRODUCTION FACTOR. INSURANCE WOULD COVER FIXED PRICE CONTRACTS ONLY. COVERAGE WOULD BE LIMITED TO EITHER 85 OR 90 PERCENT OF COST INCREASES ABOVE 5 PERCENT, DEPENDING ON WHETHER FIRM HAD GOS "CARTA DE EXPORTADOR" GRANTED CERTAIN FIRMS OR INDUSTRIES WHICH HAVE BEEN PARTICULARLY ACTIVE IN EXPORT FIELD. THERE WOULD BE NO SPECIFIC LIMITATIONS ON COMMODITY OR GEOGRAPHIC COVERAGE BUT EACH POLICY WOULD REQUIRE APPROVAL FROM MIN COMMERCE AND MIN FINANCE.

3. PREMIUMS WOULD VARY CONSIDERABLY WITH EACH POLICY DETERMINED INDIVIDUALLY.

4. EMBASSY FORWARDING BY AIR GRAM THREE PAMPHLETS COVERING CESCE OPERATION.  
STABLER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** POLICIES, EXPORTS, INSURANCE, PRICES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 17 JUN 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975MADRID04160  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
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**Errors:** N/A  
**Film Number:** D750210-0673  
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**Office:** ACTION COME  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
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**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
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**Review Date:** 27 FEB 2003  
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**Review Transfer Date:**  
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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** COST OF PRODUCTION EXPORT INSURANCE SCHEMES  
**TAGS:** EFIN, ETRD, SP, OECD  
**To:** STATE  
**Type:** TE  
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